

## Message Text

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17

ACTION NEA-10

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06

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OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGR-05 L-03 H-02

PA-01 PRS-01 OES-03 FEA-01 INT-05 /129 W

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P R 090630Z JUL 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 1814

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

DOD WASHDC

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

OECD PARIS 1355

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

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C O N F I D E N T I A L JIDDA 4915

BEIRUT PASS USINT BAGHDAD

E.O. 11652: ADS: DECLASSIFY AFTER JANUARY 1, 1976

TAGS: EFIN, SA

SUBJECT: SAUDI BUDGET AND SPENDING FORECAST

SUMMARY: CENTRAL BANKING SOURCE FORECASTS BUDGET TO BE ANNOUNCED JULY 9 OR 10 AS SHOWING REVENUES OF 100 BILLION SR (\$28.9 BILLION) FOR YEAR ENDING JULY 1, 1976 AND SPENDING PROJECTED AT 75 BILLION (\$21.6 BILLION) INCLUDING AID. SPENDING DURING PAST YEAR ACHIEVED A REMARKABLE LEVEL OF 42 BILLION SR (\$12.1 BILLION) INCLUDING 8 BILLION SR AID (THOUGH NOT ALL OF THIS WAS DISBURSED). PRESENT SPENDING IS ABOUT \$1 BILLION A MONTH, DEMANDING PRODUCTION AT ONLY HALF THE PRESENT RATE OF ABOUT SEVEN MBD OF OIL. END SUMMARY

1. SAUDI MONETARY AGENCY SOURCE HAS GIVEN US AN INSIGHT INTO NEW BUDGET WHICH WILL BE ANNOUNCED BY KING KHALID AFTER THE CABINET MEETING OF JULY 9, PROBABLY AT A FORMAL PRESENTATION AT THE SUMMER CAPITAL OF TA'IF. SOURCE IS IN A LIKELY POSITION TO KNOW FIGURES FOR BOTH REVENUE AND DISBURSEMENTS.

2. NEW REVENUES FOR YEAR ENDING APPROXIMATELY JULY 1, 1976 (HEJIRA 1 RAJAB) WILL TOTAL AND ESTIMATED 100 BILLION SAUDI RIYALS (AT 3.47 TO A DOLLAR, \$28.9 BILLION). TOTAL EXPENDITURES FOR REGULAR AND PROJECT BUDGET PLUS ALL AID WILL BE AN ESTIMATED 75 BILLION SR (\$21.6 BILLION).

3. DURING PAST YEAR ENDING JULY 9, 1975 SAUDI ARABIA HAS MANAGED TO DISBURSE A SURPRISING 42 BILLION RIYALS OUT OF 45 BILLION BUDGETED. THIS INCLUDES THREE BILLION ALLOTTED TO SAUDI DEVELOPMENT FUND OF WHICH ONLY ABOUT ONE BILLION SR (\$290 MILLION) HAS BEEN EARMARKED SO FAR FOR EGYPT AND THREE STATES IN AFRICA AND SOUTHEAST ASIA. AID OBLIGATIONS INCLUDING THOSE TO SDF TOTALLED EIGHT BILLION SR (\$2.6 BILLION). ACTUAL SPENDING IS ESTIMATED AT 39 BILLION SR OR ABOUT \$11 BILLION. CURRENT RATE OF CONFIDENTIAL

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DISBURSEMENT IS ESTIMATED AT ABOUT ONE BILLION DOLLARS A MONTH.

4. RUMOURS CONTINUE THAT MAJOR CHANGES, PARTICULARLY IN THE AGRICULTURAL AND FINANCE MINISTRIES WILL ALSO BE ANNOUNCED WITH THE BUDGET BUT NO SOURCE IN A POSITION TO KNOW WILL CONFIRM THESE CHANGES. HISHAM NAZER, OF THE CENTRAL PLANNING ORGANIZATION, IN AN INTERVIEW TWO DAYS

AGO CLAIMED THAT ROYAL COMMISSIONS WILL BE APPOINTED TO CARRY OUT SEVERAL OF THE KEY PARTS OF THE PLAN. WHILE THIS MIGHT BE DONE, NAZER HAS BEEN A LONG-TIME ADVOCATE OF SOME SUCH APPROACH AND THE TRADITIONAL MINISTRIES WILL ALMOST CERTAINLY RESIST IT.

5. SAMA SOURCE NOTED IN PASSING THAT EVEN AT THE HIGH LEVEL OF SPENDING ACHIEVED SO FAR (AND HE DOES NOT BELIEVE CURVE OF ADDITIONAL SPENDING CAN CONTINUE TO RISE SHARPLY) SAUDI ARABIA NEED PRODUCE ONLY 3.5 MILLION BARRELS OF OIL PER DAY, EXACTLY HALF OF WHAT KINGDOM IS NOW PRODUCING. REMAINDER OF PRODUCTION, HE SAID, WAS BEING DONE CLEARLY ONLY FOR "POLITICAL REASONS".  
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## Message Attributes

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**TAGS:** EFIN, SA  
**To:** STATE  
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